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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/034,151	12/27/2001	Lorenzo Mendizabal	Hartford-9	1595

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DUANE MORRIS LLP
PO BOX 5203
PRINCETON, NJ 08543-5203

EXAMINER

LANEAU, RONALD

ART UNIT PAPER NUMBER

3627

DATE MAILED: 11/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/034,151

Applicant(s)

MENDIZABAL ET AL.

Examiner

Ronald Laneau

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 24 August 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1 and 3-16 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1 and 3-16 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____.

Response to Amendment

1. The amendment filed on 08/24/04 has been entered. Claim 2 has been canceled and claims 1 and 3-16 are now pending.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1 and 3-16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Warren E. Agin, Using Internet Auctions to Sell Bankruptcy Estate Assets, The Cyberspace Lawyer, Vol. 4, No. 6, October 1999 in view of Rackson, et al. (6,415,270) and further in view of Robert F. Reilly, What Accountants Need to Know About the Bankruptcy Valuation Process, Ohio CPA Journal, Vol. 51, No. 3, June 1992, pp. 13-20.

Agin discloses utilizing the power of an on-line/internet auction with bankruptcy assets using the debtor's and developer's customer lists. Agin additionally discloses that the control factors included the ability to set a reserve price. Agin further discloses that on-line auction have yet to become a popular method of selling bankruptcy estate assets because of lack familiarity of bankruptcy practitioner's with the auction methods, lack of comfort of bankruptcy judges with Internet auctions, and the ability of an auction site to accommodate the special needs and concerns of bankruptcy trustees and courts, including handling deposits, bidder screening, "as-

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is" sallies, noticing, payment processing, and compliance with bankruptcy rules governing auctions and auctioneers.

A system/method for conducting, managing and executing over a communication network, an auction of at least one claim or asset in bankruptcy to a plurality of buyers having expressed interest bankruptcy claim or assets (Agin - AtlanticRancher auctioning its bankruptcy assets over the Internet from their own web site and through a Yahoo! Web site desired by FairMarket, Inc. resulting in an auction process directly under the trustee's control and easily supervised by the court, said system/method comprising:

A memory containing code therein for (FairMarket, Inc developed a branded auction Web site for AtlanticRancher inventory - FairMarket provides the guts for Internet auction sites outside the bankruptcy context):

Placing an indication of the availability of at least one of said assets at a remote site on aid network wherein said indication is accessible by each of said plurality of potent potential buyer over said network (FairMarket downloaded pictures and marketing descriptions of the clothing from the existing Web site and developed a branded auction Web site just to auction AtlanticRancher inventory). It has been known in the auction industry that a user must register in order to be able to use the auction site to bid on items up for auction and by bidding on items, it is likely that said registered buyer's bid satisfies a predetermined criteria as claimed. If not, the moderator of the site notifies the seller that the bid has failed due to buyer's not satisfying the predetermined criteria.

Notifying at least one of said buyers predeterminedly expressing interest in items within said claim or assets of the availability of said at least one claim or asset (FairMarket advertised

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the auction using the debtor's existing customer lists - people who had previously bought inventory have predeterminedly expressed interest in items contained in an inventory being auctioned in a bankruptcy proceeding);

Receiving bids from at least one of said buyers over said network (The trustee could select the actual items submitted for auction and control factors such as the reserve price, payment terms, and auction terms - auction was more successful than predicted, partly b/c of strategy of listing items with no minimum bid and no reserve);

Notifying one of said at least one buyer of acceptance of a corresponding bid when said bid satisfies predetermined criteria (The predetermined criteria in this case were no minimum bid and no reserve, i.e. any bid is accepted, as long as the needs and concerns of the bankruptcy trustees and court concerning bidder screening and payment processing were met. Agin does not explicitly disclose that the buyer was notified that his bid was accepted, however, it is implicit to this reference ms the auction was more successful than predicted, and one would not receive the proceeds from an auction without notification to a buyer;

Recording said accepted bid (The result was an auction process directly under the trustee's control and easily supervised by the court. Agin does not explicitly disclose that the auction recorded the accepted bid, however, it is implicit to the results and the payment processing because the bankruptcy statutes require the ability to reconcile the amount received for the assets against the debts.).

A processor in communication with said memory operable to execute said code within said memory (FairMarket, Inc developed a branded auction Web site for AtlanticRancher

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inventory - FairMarket provides the guts for Internet auction sites outside the bankruptcy context).

Agin further discloses that it was an Internet auction and that FairMarket downloaded pictures and marketing descriptions of the clothing from the existing Web site and that the trustee could select the actual items submitted for auction and control factors such as the reserve price, payment terms, and auction terms. All of these require an input/output device interposed between the Internet and/or the server and the processor to provide the various information items from the network to the processor and from the processor to the Internet.

Agin does not disclose determining a market value of said at least one claim or asset based on historical data of same or similar claims or assets or dynamically adjusting the market value based on known factors. Reilly discloses that appraisers are relied upon in bankruptcies for a number of traditional assets, property and business interest valuation purposes and that there is a high degree of reliance by a multitude of parties, including the judiciary, creditors, buyers, etc. (pg. 13). Reilly further discloses that there are transactional appraisals performed in anticipation of an actual property purchase or sale transaction and that accountants the definition of value used in the appraisal includes an "as of" date and that appraisals are a routine part of the bankruptcy process particularly a valuation for the current market value, at a specified date, of the specified property rights encompassed in the ownership of the subject (pp. 13-15). Reilly then discloses that appraisers sills and judgments are utilized to serve the needs of various parties in areas such as: identification of asset or business spinoff opportunities; valuation of asset or business spinoff opportunities; valuation of claims for purchase or sale; fraudulent conveyance analyses; etc. (pg. 17). Reilly further discloses that "market value" determinations can be made

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based on a number of methods including based on historical data of the same or similar asset which have been previously recorded i.e. real estate assessments and that this determination is then based upon the piece of real estate available as it relates to others - an adjustment factor, as a weighted average (pp. 14-20). Reilly discloses that the market value is dynamically adjusted based on known factors such as the classification of the asset into the proper category, selection an analysis of sales transactions of comparable properties, in a similar status during their exposure to the market, that the appraiser will assess the dynamics of the relevant market, product supply and demand (number of assets and when being sold), etc. (pp. 15-20). Thus, it would have been obvious to one of ordinary skill in the art at the time of the invention to have included the steps of providing a market value based at least in part upon historical information, which is dynamically adjusted as taught in Reilly in Agin because the specific reasons set forth in Reilly and the Bankruptcy Code requires accurate appraisals.

Agin does not specifically disclose the structure of the auction structure of receiving bids from at least one buyers over said network, notifying that buyer of acceptance of a corresponding bid when the bid satisfies predetermined criteria, recording the accepted bid, notifying a seller, selecting notification criteria of the buyer based on predeterminedly provided criteria (e-mail), and where the predetermined criteria comprise a highest value. Rackson discloses an auction structure that of receiving bids from at least one buyers over said network (col. 7, lines 24-37), notifying that buyer of acceptance of a corresponding bid when the bid satisfies predetermined criteria, recording the accepted bid (col. 14, lines 29-49.), notifying a seller (cols. 17-1%, selecting notification criteria of the buyer based on predeterminedly provided criteria (e-mail) (cols. 14-1%, providing an asset identifier that identifies a quantity and characteristics (Figs. 3

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and 10; col. 9 - selling parameters - include quantity item and description and a database to contain items where the individual items are stored as data records that have relationships to the bids received - without the asset identifier the bidder would not know what was being bid upon and would not bid), and where the predetermined criteria comprise a highest value (cols. 19-21). Rackson discloses that the auction structure can help sellers increase the price they receive in auctions by facilitating buyer aggregation, facilitates access and communication with buyers and sellers so that each services receives and reflects the highest price paid for that item, increases visibility of the items being auctioned, allows bidder flexibility in ordering and provides a database of historical data for analysis in maximizing the auctioning through pricing, description and selling of item. Thus, it would have been obvious to one of ordinary skill in the art at the time of the invention to have utilized the structure of Rackson in Agin for the specific reasons set forth in Rackson.

As per claim 12, none of the reference specifically disclose recording all of the bids received. However, Agin discloses that the auctions must comply with the bankruptcy rules and accommodate the special needs and concerns of bankruptcy trustees and courts and Reilly discloses that there are appraisals and valuations specific to fraudulent conveyance analyses. Additionally, the trustees are responsible for providing an accounting to the court and the creditors. Thus, it would have been obvious to one of ordinary skill in the art at the time of the invention to have included a step of recording every bid received in the method of Agin in order to maintain accurate and complete records for the protection of both the trustees) and the creditors.

Response to Arguments

4. Applicant's arguments filed on 08/24/04 have been fully considered but they are not persuasive.

Applicant's arguments about the newly added limitations do not stand. Although Agin does not expressly disclose "notifying a user of an asset up for auction based on user's preferences" but this is implicit to Agin's system since this is one of the well known features in any auction sites. Buyers or users must be registered before you can actually bid on some of these items. Furthermore, Applicant argues that Agin does not disclose or suggest the step of "notifying one of said at least one buyers of acceptance of a corresponding bid when said bid satisfies predetermined criteria. Again, this a feature that is know to all the auction sites. For example, ebay, which the largest internet site, always sends a notification via e-mail to registered buyer that wins an item and even sends a notification to interested buyers to announce the ending of an item. This is clearly based on buyers preferences saved in its database and based on that a notification message is generated to said buyer. As far Reilly, applicant argues that Reilly does not suggest or disclose technology and neither a reference is made to a process of methodology for carrying out a process. Contrary to applicant's arguments, Reilly's disclosure is explicit enough to apply it as a reference as it is used in combination with another reference which makes it part of technology. Reilly discloses a "bankruptcy valuation" which implies the value of an asset in an auction of bankruptcy assets. As far as applicant's arguments about no suggestion or motivation to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the

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references themselves or in the knowledge generally available to one of ordinary skill in the art. Se *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). Applicant's arguments are deemed unpersuasive and claims 1 and 3-16 remain rejected and made final.

Conclusion

5. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ronald Laneau whose telephone number is (703) 305-3973. The examiner can normally be reached on Mon-Fri from 8:30am - 6:00pm.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Olszewski can be reached on (703) 308-5183. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

RL

Ronald Laneau
Examiner
Art Unit 3627

Ronald Laneau 11/12/04
Primary Examiner

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